

Message Text

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ACTION ARA-10

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TAGS: ELAB PFOR ECON VE

SUBJ: IRON MINERS' STRIKE GENERALTIES; CVG ISSUES ULTIMATUM

REF: CARACAS 5224

SUMMARY: THE IRON MINERS' WILDCAT STRIKE GAINED MOMENTUM AND BECAME ALMOST COMPLETE FROM MAY 20 TO MAY 22. THE MINE-OWNING CVG(A CORPORATION OWNED BY THE GOV) ISSUED AN ULTIMATUM INSISTING THE WORKERS RETURN TO THEIR JOBS AS OF THE FIRST SHIFT ON MAY 23. THE INTERIOR MINISTRY HAS ISSUED A STATEMENT PLACING THE FULL BACKING OF THE STATE BEHIND THE CVG. THE CTV HAS DELGATED FETROMETAL TO HANDLE THE PROBLEM. FETROMETAL HAS PROPOSED A COMPROMISE WHICH MAY NOT BE ACCEPTABLE TO EITHER PARTY. AD OFFICIALS AND TRADE UNIONISTS ARE HOPING THAT UP TO 90 PERCENT OF THE WORKERS WILL COMPLY WITH THE ULTIMATUM TO RETURN TO WORK ON MAY 23 THUS ALLOWING THE CVG TO FIRE THE RECALCITRANTS AND TROUBLEMAKERS WITHOUT AFFECTING PORDUCTION. THERE ARE SOME EARLY REPORTS THE AFTERNOON OF MAY 22 THAT MANY WORKERS WILL IN FACT RETURN TO WORK ON MAY 23. IF THE WILDCAT STRIKE CONTINUES IT WILL BECOME MORE AND MORE DIFFUCLT FOR PRESIDENT PEREZ TO MAINTAIN HIS POSITION OF PUBLIC UNINVOLVEMENT WITH THE PROBLEM.

END SUMMARY

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1. THE IRON MINERS' WILDCAT STRIKE AT THE GOV-OWNED ORINOCO MINING CO AND IRON MINES CO PICKED UP MOMENTUM MAY 20-22 WITH THE SHUTTING DOWN OF ALL FACILITIES OPERATED BY THE ORINOCO MINING CO AND 50PERCENT OF THE IRON MINES CO FACILITIES IN ADDITION TO THE BRIQUETTE PLANT WHERE US STEEL STILL HOLDS AN EQUITY INTEREST. BY MAY 22 THE SHUTDOWN APPEARED TO BE ALMOST AS COMPLETE AS THAT OF THE JAN 75 STRIKE (CARACAS 941). EVEN SUCH ANCILLARY FACILITIES AS COMPANY-OPERATED SCHOOLS WERE CLOSED AS THE TEACHERS JOINED THE STRIKING MINERS. SUPPORT FOR THE STRIKE APPEARS TO BE WIDESPREAD AMONG THE POPULATION OF THE CIUDAD GUAYANA REGION.

2. ARGENIS GAMBOA, PRESIDENT OF THE CORPORACION VENEZOLANA DE GUAYANA (CVG), THE STATE-OWNED CORPORATION WHICH ACTS AS A HOLDING CO FOR ORINOCO MINING CO AND THE IRON MINES CO, ISSUED AN ULTIMATUM TO THE STRIKING WORKERS THE EVENING OF MAY 21 THAT ANY WORKER WHO FAILED TO REPORT FOR WORK ON HIS REGULAR SHIFT AFTER 7AM MAY 23 WOULD BE FIRED FOR "JUSTIFIABLE CAUSE." A WORKER DISMISSED UNDER THESE CIRCUMSTANCES WOULD ONLY BE ELIGIBLE FOR THE THRITY DAYS PAY PER YEAR WORKED REQUIRED BY LAW, SINCE THE CONTRACT SPECIFICALLY EXCLUDES THOSE FIRED FOR "JUSTIFIABLE CAUSE" FROM THE CONTRACT'S DOUBLE INDEMNITY PROVISIONS.

3. CONCURRENTLY WITH THE CVG ULTIMATUM THE INTERIOR MINISTRY ISSUED A COMMUNIQUE STATING THAT THE FULL POWER OF THE STATE WOULD BE USED TO SUPPORT THE CVG. THERE WERE REPORTS OF TROOP MOVEMENTS INTO THE CIUDAD GUAYANA AREA, AND THE NATIONAL GUARD, WHICH NORMALLY EXERCISES A PROTECTIVE FUNCTION IN THE IRONMINES, IS PLAYING A MORE ACTIVE ROLE IN KEEPING THE STRIKERS AWAY FROM MINE PROPERTY AND GUARANTEEING ACCESS TO THOSE WHO WISH TO WORK. THE INTERIOR MINISTRY COMMUNIQUE ALSO STATED THAT THE STRIKE ORGANIZERS AND PROLONGERS ARE ACTING FROM POLITICAL RATHER THAN ECONOMIC MOTIVES AND THAT THE WORKERS RIGHTS HAVE BEEN PROPERLY GUARANTEED BY THE STATE ACTING THROUGH THE CVG AND THE CENTRAL BANK.

4. PRESIDENT CARLOS ANDRES PEREZ HELD A SPECIAL MEETING THE EVENING OF MAY 21 WITH THE LEADERSHIP OF ACCION DEMOCRATICA(AD) INCLUDING THE AD LEADERSHIP OF THE CONFEDERATION OF VENEZUELAN LIMITED OFFICIAL USE

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WORKERS (CTV). THE THEME OF THIS MEETING IS ASSUMED TO HAVE BEEN THE STRIKE. IN CONTRAST TO THE JANUARY STRIKE, PRESIDENT PEREZ HAS BEEN KEEPING A VERY LOW PROFILE THIS TIME AROUND. PEREZ HAS YET TO MAKE ANY DIRECT STATEMENT REGARDING THE STRIKE. EVEN THE PRESIDENTIAL DECREE OF MAY 16 WAS ISSUED BY THE "CABINET" AND ROUTINELY GIVEN TO THE PRESS BY THE SECRETARY GENERAL OF THE PRESIDENCY.

5. THE CTV HAS OFFICIALLY PASSED RESPONSIBILITY FOR HANDLING THE STRIKE TO THE METAL WORKERS FEDERATION (FETROMETAL. THE EXECUTIVE COUNCIL OF FETROMETAL HAS BEEN IN CIUDAD GUAYANA FOR SEVERAL DAYS TALKING WITH THE MINERS AND HAS REACHED A TENTATIVE AGREEMENT WITH AT LEAST SOME OF THEM BY WHICH FIFTEEN DAYS PAY PER YEAR WORKED WOULD BE PAID IN CASH IMMEDIATELY, AS PROVIDED IN THE PRESIDENTIAL DECREE, WHILE FORTY-FIVE DAYS PAY PER YEAR WORKED WOULD BE DEPOSITED IN A NOMINATIVE TRUST FUND AT THE CENTRAL BANK. THE DEGREE OF SUPPORT WHICH THIS PROPOSAL ENJOYS AMONG THE WORKERS IS UNKNOWN, AS IS ITS ACCEPTABILITY TO THE CBG. FETROMETAL STATED THE PROPOSAL WOULD BE SUBMITTED TO THE CVG ON MAY 22.

6. THE EMBASSY UNDERSTANDS THAT AN AD PARTY MISSION HAS BEEN DISPATCHED TO CIUDAD GUAYANA TO TRY AND REASON WITH THE STRIKING MINERS.

7. AD PARTY SOURCES REPORT THAT THEY ARE HOPING THAT ALL BUT ABOUT THREE HUNDRED WORKERS (ABOUT 10PERCENT OF THE LABOR FORCE) WILL REPORT TO WORK ON MAY 23. THESE THREE HUNDRED RECALCITRANTS-- DESCRIBED AS "AGITATORS"-- WOULD THEN BE FIRED. AFTER A SUITABLE COOLING OFF PERIOD DURING WHICH ANTI-AD SENTIMENT WOULD DECREASE, ELECTIONS WOULD BE HELD TO FORM A SINGLE UNION TO REPRESENT ALL IRON WORKER. LATE REPORTS FROM PRESS SOURCES INDICATE THAT MANY WORKERS ARE IN FACT RETURNING TO WORK DURING THE COURSE OF MAY 22.

8. COMMENT: THE CBG ULTIMATUM IS FORCING THE SITUATION IN THE IRON MINES TO A CRISIS. ONE HOPEFUL PROPOSAL APPEARS TO BE THE FETROMETAL COMPROMISE AS EXPLAINED IN PARA 5. THE ACCEPTABILITY OF THIS PROPOSAL TO BOTH SIDES IS IN DOUBT. PRESIDENT PEREZ IS FINDING IT INCREASINGLY DIFFICULT TO AVOID DIRECT INVOLVEMENT IN THIS STRIKE, AS IT BECOMES EVIDENT THAT HIS ADMINISTRATION' LIMITED OFFICIAL USE

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EFFORTS TO RETAIN THE GOODWILL AND SUPPORT OF THE WORKERS IN VENEZUELA'S FIRST NATIONALIZED NATURAL RESOURCE INDUSTRY HAVE NOT YET PROVED SUCCESSFUL.
SHLAUDEMAM

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